

Message Text

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12

ACTION TRSE-00

INFO OCT-01 EA-11 ISO-00 CIAE-00 PM-07 H-03 INR-10 L-03

NSAE-00 NSC-07 PA-04 RSC-01 PRS-01 SP-03 SS-20

USIA-15 AID-20 COME-00 EB-11 FRB-02 XMB-07 OPIC-12

CIEP-02 LAB-06 SIL-01 OMB-01 NEA-14 IO-14 STR-08

CEA-02 DRC-01 /187 W

----- 028462

R 060257Z JUL 74

FM AMEMBASSY SEOUL

TO AMEMBASSY MANILA

INFO SECSTATE WASHDC 4707

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MANILA FOR USADB

DEPT PASS TREASURY AND COMMERCE

E.O. 11652: N/A

TAGS: EAID, EFIN, KS

SUBJECT: U.S. SUPPLIERS AND ADB FINANCED PROCUREMENT

REF: (A) SEOUL 1026 (B) MANILA 1833 (C) SEOUL 1252

1. DISSATISFACTION OF US SUPPLIERS WITH HANDLING OF AWARDS UNDER ADB FINANCED PROCUREMENT FOR KOREA HAS BEEN VOICED TO EMBASSY. WE CONSIDER THEIR COMPLAINTS GENERALLY WELL FUNDED AND CALL FOR POSITIVE ACTION ON OUR PART, WITH USADB ACTING TO PROTECT OUR INTERESTS.

2. MOST RECENT AND GLARING EXAMPLE IS THE GOOI RI WATER TREATMENT PROJECT WHICH HAS NOW GONE TO CTE (FRENCH) DESPITE EVIDENCE THIS IS NOT IN CONFORMITY WITH EITHER GENERAL TERMS AND CONDITIONS OR THE TECHNICAL SPECIFICATIONS OF THE BID DOCUMENTS. WE RECOGNIZE THAT TRANS-ASIA RECOMMENDED AWARD TO CTE AS A TOTAL PACKAGE

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IGNORING IFB PROVISIONS FOR AWARD ON AN ITEM BY ITEM BASIS.

HOWEVER, THE ROKG REFUSED TO ACCEPT THIS, CITING THE NON-RESPONSIVE NATURE OF THE CTE BIDS, PARTICULARLY THE FAILURE TO MEET TECHNICAL SPECS, IN ADDITION TO THE FACT THAT CTE WAS NOT LOW BIDDER ON ALL INDIVIDUAL ITEMS. SEE SEOUL CITY TELEX 7222094 APR 24, 1974 TO ADB.

3. EMBASSY SEOUL'S EFFORT (REF A) TO PROVIDE USADB WITH FACTUAL INFORMATION FOR USE IN PROTECTING US SUPPLIERS WAS REBUFFED IN REF B WHICH INDICATED THAT USADB ACCEPTED TRANS-ASIA'S STATEMENTS INFERRING AMEMBASSY SEOUL BOWED TO KOREAN PRESSURE TO QUOTE INFLUENCE AWARD IN FAVOR OF JAPANESE BIDDER BY INCLUDING SOME US EQUIPMENT END QUOTE. EVEN CURSORY REVIEW OF BIDS WOULD HAVE PROVEN THE FALLACY OF THIS POSITION.

4. BANK DELAYED ACTION FROM 30 NOV 1973 BID OPENING AND FINALLY REQUESTED REVALIDATION OF BIDS AS OF JUNE 21, ALMOST SEVEN MONTHS LATER, WHEN HIGHER US PRICES WERE CERTAIN TO ADVERSELY AFFECT US BIDDERS. US SUPPLIERS HAD MAINTAINED ORIGINAL BID PRICES UNTIL MAY 30, DESPITE EXTENSIVE COST INCREASES BUT COULD NOT BE COMPETITIVE IN LATE JUNE. RESULT IS LOSS OF BUSINESS BY LOW US BIDDERS WITH ROKG FORCED TO ACCEPT UNSATISFACTORY CTE EQUIPMENT AS ONLY MEANS LEFT TO COMPLETE PROJECT. EVERY INDICATION IS THAT THIS WAS, AT LEAST IN SOME QUARTERS, DEFINITE OBJECTIVE OF LONG UNWARRANTED DELAY. WE NOW HAVE INDICATIONS THAT FRENCH SUPPLIER MAY BE TRYING TO ESCALATE HIS PRICE NOW THAT HE HAS THE BID AND HAS APPARENTLY BEEN TOLD WHAT ONE US SUPPLIER REBID.

5. THIS EXPERIENCE HAS LED GETZ BROTHERS MANAGER TO STATE FLATLY THAT HIS FIRM WILL NOT BID ON ADB OFFERS IN FUTURE.

6. WE FEEL THAT USADB CAN AND SHOULD INFLUENCE BANK ACTIONS TO THE END THAT TRUE COMPETITIVE BIDDING IS ASSURED. WE CITE THIS CASE AS AN EXAMPLE OF FAILURE TO PROTECT OUR LEGITIMATE COMMERCIAL INTERESTS THROUGH PROPER COORDINATION BY US AGENCIES.

HABIB

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Message Attributes

Automatic Decaptioning: X
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Control Number: n/a
Copy: SINGLE
Draft Date: 06 JUL 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: shawdg
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D740179-0885
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Handling Restrictions: n/a
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Type: TE
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